

Housing Division Assessment of Goals and Objectives

Introduction

Through its commitment to create and preserve affordable housing for low and moderate-income residents in Cambridge the City's Community Development Department Housing Division identified four definitive objectives to meet its goal. The objectives include:

- Preserving Affordable Rental Units;
- Creating New Affordable Rental Units;
- Creating Affordable Homeownership Units; and
- Stabilizing and Renovating Owner-Occupied Units.

In the Five-Year Consolidated Plan, completed in May 2000, the City projected goals to be achieved over 5 years. It then embarked on plans to strategically meet its objectives by partnering with non-profit housing developers, the Cambridge Affordable Housing Trust, and the Cambridge Housing Authority (CHA). With funds received from the US Department of Housing and Urban Development (HUD) it successfully leveraged financial support from other federal, state, local and private sources to meet development and housing service objectives. The following narrative is an overview of the City's activities completed in Fiscal Year (FY) 2002 and its progress in meeting the housing goals stated in the Five-Year Consolidated Plan.

Objective #1: To preserve affordable rental housing opportunities, and enhance access for extremely low, and low and moderate-income renters.

The City's housing preservation strategy is accomplished through its Expiring Use Program. Through this program, the City provides technical and financial assistance while working with tenants, owners, non-profit organizations, and other concerned parties to address the long-term needs of housing developments at risk of losing their affordability. The City also provides funds to a local non-profit, the Cambridge Economic Opportunity Committee (CEOC), who hires a Tenant Organizer to work directly with tenants living in buildings whose affordability restrictions have come to term and are in danger of being converted to market-rate housing. The City's housing preservation strategy also includes enforcing local use restrictions resulting from zoning or tax agreements.

Accomplishments: In FY 2002, the City successfully completed negotiations for the Walden Square Apartment complex, preserving the affordability in perpetuity of 240 family units through an agreement between the residents and owner. The City also collaborated with Homeowner's Rehab, a local non-profit, to begin the process of preserving the affordability of 42 family rental units at the CAST development. The City also ensured the ongoing affordability of 23 units in perpetuity at the Church Corner development and began negotiations for 17 units at the Fogerty Building. The City also began inquiry in the Laurel and West Arms developments as their affordable terms approaches maturity. Both buildings contain 6 units each. In fiscal year 2002 approximately 305 expiring use units were brought into the expiring use program to assist

more than 1035 low and moderate-income residents.

Challenges: The strong real estate market in Cambridge continues to be the primary challenge in preserving buildings with expiring affordability restrictions. Owners of federally funded developments and cooperatively owned buildings need significant financial incentives to not convert units to market-rate rental or condominium housing as tremendous financial gains can be made by doing so. While the economy has slowed this year, the cost of housing units and land in Cambridge remains very competitive and costs have continued to escalate.

Objective #2: To create new affordable rental units targeted to extremely low, and low and moderate-income families and individuals.

Non-profit Sponsored Development

Affordable rental and homeownership units are developed through the City's Non-profit Sponsored Affordable Housing Development program. Several local non-profit housing agencies including, designated CHDOs Homeowner's Rehab Inc. (HRI) and Just A Start Corporation (JAS), Cambridge and Somerville Cooperative Apartment Program (CASCAP), the Cambridge Affordable Housing Corporation (CAHC) (a subsidiary of the Cambridge Housing Authority), Shelter Inc., and Transition House received financial assistance and technical support this year. These organizations acquired and rehabilitated existing buildings and developed new affordable housing. The buildings become permanently affordable through the City's Affordable Housing Agreement, which enforces a long-term deed restriction, generally 50 years or more. Whenever possible, the City considered the use of City-owned land for development of affordable rental or homeownership housing units.

Accomplishments: In FY 2002, the City funded approximately 69 rental units, including housing for persons with disabilities and those formerly homeless. The developments were funded with CDBG, HOME, and other public and private funds that were leveraged. These units are currently in various stages of development and will be rented to extremely low, low and moderate-income residents when completed.

Community Development Housing staff salaries were funded with CDBG and HOME funds for these projects. Staff worked with non-profit organizations to identify potential opportunities, assess the overall feasibility of the project, identify funding sources, shepherd the project through development and marketing, and monitor units to ensure continued compliance with HUD regulations. In addition, many of these projects also received additional funds from the City to support predevelopment or capital improvements.

Inclusionary Zoning Program

Through the Inclusionary Zoning Program private owners developing new or converted residential development with 10 or more units are required to provide 15% of the total number of units as affordable housing. The units are preserved as affordable for the life of the building.

Accomplishments: In FY 2002, there were 2 new units secured through the Inclusionary Zoning

Program. In addition, the City began discussions with owners of approximately 10 sites, slated for housing development, which could potentially create 165 new Inclusionary units in the next few years. The projects are in various stages of the development process and some negotiations have begun. With soaring cost of land and housing prices, the Inclusionary Zoning Program has been a successful and affordable vehicle to the City for securing affordable units in mixed-income development. Since it was enacted in 1988, 124 units, both rental and homeownership have been created.

Though the City does not provide financing to Inclusionary Zoning projects as they are privately developed, the Community Development Housing staff salaries are funded with CDBG funds to help administer the Inclusionary Zoning Program. Staff provides technical assistance to developers, review plans and specifications to ensure that the City receives 15% of the units, ensure that the units are comparable in size and amenities to market-rate units, and assist the developer to market the units to eligible renters or buyers.

Cambridge Neighborhood Apartment Housing Services (CNAHS)

The Cambridge Neighborhood Apartment Housing Services, Inc. provides low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of units for low and moderate-income tenants. In FY 2002, CNAHS provided financing for 13 affordable units on Auburn Street. Its staff has also begun work with the owners of 6 buildings who are interested in participating in the program. Due to the exceptionally strong market-rate rental market in Cambridge, CNAHS has had difficulty attracting new owners to the program that secures units for low and moderate-income renters. Owners also indicated their preference to secure conventional financing verses City financing through CNAHS to avoid caps on rents. However, following a reassessment of the program's regulations by CNAHS and the City, new interest among private owners has been generated and participation is increasing once again.

Accomplishments: In FY 2002, the City created a total of 85 rental units (69 through non-profit development, 2 through Inclusionary Zoning and 13 through CNAHS).

Challenges: The primary challenges in producing new affordable rental opportunities are high acquisition and construction costs. Land for construction is in limited supply as Cambridge is a largely built-out city. Also, competing community demands often result in the density reduction of new development opportunities.

Objective #3: To increase affordable homeownership units and opportunities for first-time low and moderate-income buyers.

The City finances the acquisition and rehabilitation of home ownership units, to improve the quality and quantity of affordable housing. It also creates programs and services to support first time homebuyers as they embark on homeownership. This year the City funded the development of 6 new homeownership units located on Bolton Street, sponsored by Just A Start a non-profit development corporation. The project received \$300,000 in State HOME, \$347,000 in

Cambridge Affordable Housing Trust funds from the City, and other leveraged funds from other public and private sources. The City also offers First-time Homebuyer Education (FTHB) and Counseling programs to assist first-time home buyers of single family and multifamily units. In 2002, the City held 2 workshops on Multifamily homeownership. The City also collaborated with the City's Multi Services Center to provide a class for Haitian speakers.

Accomplishments: In FY2002, 6 homeownership units were created by JAS. The Housing staff also hosted 10 FTHB classes and 2 multifamily workshops. Approximately 568 people participated in the classes and 163 received one-on-one counseling.

Challenges: Cambridge is largely a built-out City. Because of this, it faces several challenges in producing new affordable homeownership opportunities, such as high acquisition and construction costs, and competing community demands that often reduce the density of new development opportunities. In addition, tax credits are a major source of equity for development opportunities but homeownership is not an eligible use under the Federal tax-credits program.

Objective #4: To **stabilize and renovate owner-occupied one-to-four family buildings** owned by the extremely low, low and moderate-income households.

The Home Improvement Program (HIP) is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. Through this program owners use funds to renovate their multi or single family homes to meet HUD, State and City building code requirements with the agreement that rents will be kept affordable. The program is managed by the Homeowners Rehab. Inc. (HRI) and Just A Start (JAS) with oversight from the City's Housing Division. Both non-profits target their rehabilitation efforts in separate parts of the City covering all 13 Cambridge neighborhoods.

Accomplishments: In FY2002, Just A Start and Homeowner's Rehab contracted with homeowners to rehabilitate a total of 41 units through the Home Improvement Program. The Community Development Department annually funds a contract with each agency to support both staff time and loan funds for this program. In addition, housing staff salaries in the Community Development Department are supported with CDBG funds to administer this program.

Challenges: Though Title X Lead Regulation, continued to pose a significant challenge for HIP programs to assist owners of 1-4 family owner-occupied buildings, non-profits are finding relief in private Bank loans and HUD funds for Lead Clearance Testing. The challenge of Title X is that due to the requirement to delead, the scope of work for any project increases causing a significant increase in the loan amount that the owner must borrow to complete the project. Many owners have elected not to participate in the program since the new regulations were enacted, thus, reducing the number of affordable rental units potentially secured through this program, or ownership units that could have been brought up to code.

OTHER HOUSING SERVICES

Public Education And Outreach

In addition to the four objectives outlined above that addresses preserving and creating rental and homeownership opportunities, and stabilizing units throughout Cambridge, the Community Development Department Housing staff also serve as a housing resource for Cambridge residents providing referrals to organizations that can meet other housing and social service needs. The "Affirmatively Furthering Fair Housing" section of the narrative outlines the public outreach events that staff attended or hosted this year to educate residents about housing programs and services offered throughout the City. In FY2002, Housing staff responded to over 5,421 inquiries concerning housing services and provided program information and referrals to agencies throughout the City and/or greater Boston area. Housing Staff also attended more than a dozen outreach events such as Hoops-N-Health Day and Cambridge Fair Housing Day, to distribute materials and discuss available programs.

Rehabilitation Assistance Program

Through this program, youth crews received hands-on rehabilitation experience by working on non-profit sponsored housing projects and the Cambridge Housing Authority's public housing sites. The program is administered by Just A Start with financial support from the City through the CDBG program. In FY2002, 166 youths participated in the program.

Addressing Impediments to Fair Housing & Affirmatively Furthering Fair Housing

As part of its Fair Housing Plan in 1999, the City completed its Analysis of Impediments (AI) to Fair Housing Choice. HUD does not require an Analysis of Impediments study to be submitted annually for review. However, the City is required, as part of the Consolidated Plan Performance Evaluation Report (CAPERS) to provide HUD with a summary of the AI identified and the jurisdiction's accomplishments in addressing them for the current reporting year. Below are the steps taken by the City to address the impediments to fair housing that has been identified.

Subsidizing High Cost of Land and Real Estate Development

The high cost of land continues to make Cambridge a highly profitable real estate market, increasing the challenge to create and preserve affordable housing. To that end, the City has created several programs to facilitate the development and preservation of affordable housing, including Non-profit Sponsored Rental and Homeownership Development, Inclusionary Zoning Program, Expiring Use preservation Program, and the Home Improvement Program (*See Objectives 1-4 for additional detail and accomplishments on these programs*). In addition, Citywide Rezoning Initiatives will foster the development of new housing opportunities throughout the City.

Zoning to Promote Affordable Housing Development

The Cambridge Community Development Department (CDD) has worked for many years to support zoning policies that would promote incentives to encourage developers to provide affordable housing, including Inclusionary Zoning, Incentive Zoning, and the City-wide Rezoning Initiative. A summary of these programs are as follows:

- *Inclusionary Zoning*

In 1998 the City adopted the Inclusionary Zoning Ordinance that requires developers of any new or converted residential development with 10 or more units to provide 15% of the total number of units as affordable housing. In return, the developer receives up to a 30% increase in density. CDD monitors compliance with this ordinance. Staff works with the private developers to design and implement the marketing and sale or leasing of units to low-income Cambridge residents. In FY 2002, 2 units were secured through a deed restriction that ensures their affordability for the life of the building. To date, 124 units have been secured. Discussions began this year to secure an additional 164 Inclusionary units over the next few years. As these units are completed, they are rented or purchased by low to moderate-income families.

- *Incentive Zoning*

In 1988, Cambridge adopted an Incentive Zoning Ordinance. It requires that non-residential developers with projects over 30,000 square feet that require a Special Permit to authorize an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust. These funds are used to sponsor the development of affordable rental and homeownership units. A study was recently completed to update and expand the ordinance with the goal of increasing the contribution of funds to the Trust for housing development. The City Council is currently considering increasing the contribution from \$3.28 to \$7.83 over the next 2 years.

▪ *Citywide Rezoning Initiative*

In 2001, the City Council passed a citywide rezoning initiative. The new zoning makes housing an allowable use in all districts, rezoned numerous districts to housing, facilitates the conversion of industrial buildings by streamlining the permitting process, and reduces commercial Floor Area Ratios (FARS) (thereby increasing a developer's incentive to build housing). Each of these will result in new opportunities for local affordable housing developers and produce affordable units through the Inclusionary Zoning Ordinance.

Buffering the Effects of Rent Control

In 1995, rent control was eliminated through a statewide ballot initiative. Consequently, the costs of housing in Cambridge have risen dramatically especially with the rise in acquisition and construction costs in the great Boston area and the low vacancy rates. Since 1995, Cambridge has made significant contributions to increasing affordable housing through the Cambridge Affordable Housing Trust's CITYHOME program. The Trust provides funding for housing development, preservation, and improvement. Cambridge is one of the few localities nationwide that spends significant local funds on affordable housing efforts. To date, the Trust has contributed over \$26.75 million in City funds. An additional \$7.2 million will be appropriated in FY2003. The increase in funding is a result of the passage of the Community Preservation Act (CPA).

Leveraging Available Public & Private Funds

The Community Preservation Act (CPA) is a new financing tool for communities to leverage funds to preserve open space, historic sites, and affordable housing. In spring 2001, the Cambridge City Council endorsed the state's Community Preservation Act (CPA) and voted to place it on the ballot in the November 2001 election. City voters adopted the CPA and the City will receive CPA match allocation from the state. The CPA has generated additional resources for housing development through the 3% surcharge on local property taxes and the state's matching funds. The adoption of CPA by Cambridge residents provides funding for the next five years and will leverage HUD funds.

High acquisition and construction costs, low vacancy rates, and a strong economic sector have had a tremendous impact on the cost of housing in the Cambridge market. According to the Cambridge Assessor's office, the median residential sales prices have increased 15% in the last year. Continued escalation of the cost of housing results in fewer units created with

federal, state, and local dollars. In Spring 2002, the CPA committee appointed by the City Manager, held public hearings on needs and priorities of residents. Affordable housing was overwhelmingly the key issue and the committee voted to appropriate the available funds in the following way, 10 % for open space, 10% for historic preservation, and 80% for affordable housing.

Addressing Competing Concerns of Neighborhood Residents

There are competing demands among residents in Cambridge. Several of the primary conflicts exist between the desire for more housing but limited tolerance for increased pressure on parking, traffic, and open space. The City has considered several strategies to address and remove the existing barriers. The strategies include: public education; using prior successful affordable housing developments as examples of good development with minimal impact on the neighborhood; increased funds for various uses (e.g., though the Community Preservation Act) and intensive work with neighborhood residents to try to develop support to offset potential opposition. However, with Cambridge being a densely populated City, it will always have the difficult issue of competing uses for any remaining undeveloped land.

Affirmatively Furthering Fair Housing

The following section addresses the City's efforts to further fair housing for all Cambridge residents.

- Established committees and programs to address the City's fair housing needs, including a Fair Housing Committee and Homeless Steering Committee that are active in initiating educational and outreach programs to further fair housing. Housing division staff serve as active members of these committees.

With the Federal Government's dissolution of the Community Housing Resources Board Program, the City of Cambridge established a Fair Housing Committee in 1994 to continue some of the CCHRB activities as well as initiate new educational and outreach programs to further Fair Housing in Cambridge. The Fair Housing Committee is composed of over 30 representatives of housing users and providers, minority and disabled agencies, and other appropriate groups. It is chaired by the Executive Director of the Cambridge Human Rights Commission.

- Established the City's Human Rights Commission. The Commission investigates allegations of discrimination and continues its commitment to ensure compliance with Title VIII of the Civil Rights Law of 1968, and the 1988 Amendments that expanded the existing legislation to prohibit housing discrimination against disabled individuals and families. The City's Human Rights Commission receives HUD funds and City funds, for mediation, public hearings, and awarding of damages for cases under fair housing laws.
- Hosted and attended community meetings and housing events throughout the City to inform residents of services, projects and programs active in the City. These include:

Loan Program Sessions ~ Housing Staff attends loan program sessions held by local banks to introduce new products available for assisting low and moderate income households. Program information is then shared with the City's First Time Homebuyer participants.

Application Help Sessions ~ These sessions guide participants through the application process for rental or homeownership units marketed by the division. Approximately 40 people attended this year.

Trolley Square Committee Community Meetings ~ The Committee includes area residents, business representatives, and City staff. Over the past several months, the Committee has worked with the Community Development Department (CDD) to develop a set of advisory recommendations for future development of the Trolley Square site, which was recently acquired from the MBTA.

Other community outreach efforts and public meetings sponsored and attended by CDD includes North Cambridge Stabilization Community Meetings, the One Year Action Plan Public Meetings, the Community Preservation Public Meetings,

Cambridge Night Out, and the annual Fair Housing Month conference in Cambridge.

- Created innovative zoning policies that foster the creation of new housing opportunities.

In 2001, the City Council passed a citywide rezoning initiative. The new zoning makes housing an allowable use in all districts, rezoned numerous districts to housing, facilitated the conversion of industrial buildings by streamlining the permitting process, and reduces commercial FARs, thereby increasing a developer's incentive to build housing. Each of these foster new opportunities for local affordable housing developers and produce affordable units through the Inclusionary Zoning Ordinance.

- Supported programs and services run by local agencies to further fair housing.

Tenant/Landlord Mediation Services: With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 in City funds to administer, develop, and implement this program.

Tenant Organizing for Expiring Use Buildings: With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when their affordability restriction expire. CEOC receives \$35,000 annually from the City for this program.

City of Cambridge Multi-Service Center: This center provides housing search services, referrals to shelters, and limited emergency funds.

Cambridge and Somerville Legal Services (CASLS): CASLS provides free legal services for low-income residents.

Affordable Housing

As described throughout this report, the City of Cambridge has adopted a multi-faceted approach in its commitment to preserving, creating and stabilizing the City's affordable housing stock. To this end, the City offers a wide range of programs and services.

Non-Profit Acquisition and Development of Multifamily Properties: *In FY2002, 90 units were funded including housing for persons with disabilities.*

The City created a total of 90 units including 6 homeownership and 84 rental units consisting of 69 units through non-profit development, 2 through Inclusionary Zoning and 13 through CNAHS. Through the City's acquisition and development program, non-profit organizations in Cambridge and the Cambridge Housing Authority acquire and rehab existing buildings and/or develop new housing. The buildings become permanently affordable through the City's Affordable Housing Covenant and a long-term deed restriction.

First-time Homebuyer Program: *In FY2002, Housing staff hosted 12 classes. Approximately 568 people participated in classes and 163 received one-on-one counseling.*

Through this program, the City offers first-time homebuyer education and counseling. City Housing staff also worked with residents to help them gain access to special mortgage products such as the Soft Second Loan Program and Purchaser Assistance funds (for down payment and closing costs). Through a Soft Second Loan and Acorn financing, the City committed 3 affordable mortgages, and also assisted one family with down-payment assistance through its HOME Purchaser Assistance Program HOME grant.

Preservation of Expiring Use Restriction Properties: *In FY 2002, the City successfully negotiated the long-term preservation of 240 expiring use units at Walden Square. The City also started negotiations with owners to preserve an additional 42 units at the Cast Apartments, 23 units at Church Corner, 17 units at the Fogerty Building, 6 units at Laurel Apartments and 6 units at West Arms Apartments.*

In order to preserve federally assisted rental housing and other developments with expiring restrictions, this program provides technical and financial assistance to tenants, landlords, and owners of properties that are in danger of being converted to market rate housing.

Affordable Housing Rehab Loan Program: *In FY2002, CNAHS assisted in financing the rehab of 13 affordable units on Auburn Street, and is considering financing 6 new projects.* The City, in collaboration with the Cambridge Neighborhood Apartment Housing Services, Inc. (CNAHS), provide low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of units for low and moderate-income tenants.

Home Improvement Program (HIP): *In FY2002, 41 units were rehabilitated and stabilized.* The City, in collaboration with Homeowners Rehab. Inc. and Just A Start, provides low-interest rehabilitation loan to and moderate-income owners of one to four-unit buildings, through the Home Improvement Program (HIP). HIP is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. Through this program owners use funds to renovate their multi or single family homes to meet HUD, State and City building code

requirements with the agreement that rents will be kept affordable. Owners can use program funds to improve their buildings to meet HUD, State and City building code requirements. Owners are also required to keep rents affordable.

Inclusionary and Incentive Zoning: *In FY2002, the City secured 2 units through affordable housing covenants in the Inclusionary Zoning Program and has begun discussions with private developers that will potentially secure an additional 165 new units in a few years. To date, 124 units have been created through the program. The City also received a linkage payment for \$39,579.76 to the Cambridge Affordable Housing Trust (CAHT) this year through the incentive zoning program.*

Through these innovative zoning policies, the City provides new affordable housing opportunities in mixed-income developments and leverages funds from non-residential developers in Cambridge to further housing production.

Inclusionary Zoning: The Inclusionary Zoning Ordinance requires developers of any new or converted residential development with 10 or more units to provide 15% of the total number of units as affordable housing.

Incentive Zoning: The Incentive Zoning Ordinance requires that non-residential developers require a Special Permit that authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust.

Other City-Sponsored Services

- ***Tenant/Landlord Mediation Services:*** With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 in City funds to administer, develop, and implement this program.
- ***Tenant Organizing for Expiring Use Buildings:*** With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when their affordability restriction expire. CEOC receives \$35,000 annually from the City for this program.
- ***City of Cambridge Multi-Service Center:*** This center provides housing search services, referrals to shelters, and limited emergency funds.
- ***Cambridge and Somerville Legal Services (CASLS):*** CASLS provides free legal services for low-income residents.
- ***Rehabilitation Assistance Program:*** RAP provides training and education for youth rehab and deleading crews, which primarily provides labor for the Home Improvement Program. Approximately 166 youths participated in the program each year.

Housing for Individuals with Disabilities

The City ensures that its non-profit sponsored developments comply with the American with Disabilities Act to provide handicap accessible units. In addition, the City seeks to ensure that it secures handicapped accessible units as part of the Inclusionary Zoning Ordinance. The Housing staff works closely with the Commission on Persons with Disabilities to market units to appropriate households.

In FY2001, the City committed \$560,000 in federal HOME funds to the Cambridge Housing Authority (CHA) as part of its HOPE VI redevelopment Initiative. The funds are being used to help acquire 14 scattered-site units for young mentally disabled persons. At the close of FY2002, the CHA had purchased 10 of the 14 units, 4 of which were purchased this year.

Through its partnership with CASCAP, a local non-profit housing developer, and service provider, the City develops units specifically targeted to persons with mental health issues. CASCAP concentrates on the delivery of housing to single individual households as well as the mentally disabled population, and is also skilled in the rehabilitation and development of properties and in the management of group homes and single room occupancy dwellings with a social service component.

The City has also partnered with Shelter Inc. to develop 10 units of permanent housing for formerly homeless persons. They will also provide social services to the occupants. Shelter Inc. is a homeless service provider that operates a women's only drop-in during the weekdays. Guests are offered lunch, access to a nap room, showers, clothing, help with referrals, the option to participate in some structured activities, and counseling. It also provides short term & extended stay beds for sober men & women, with case management.

Worst Case Needs

The City of Cambridge requires that affordable housing developers submit a tenant marketing and selection plan. The City addresses households with worst case needs through a "priority point system" established by the City that reflects HUD's guidelines. Priority is given to Cambridge residents and households with children under 18 who are in need of family-sized units (to ensure that children are appropriately housed in lead free units). Priority is also given to households with an emergency situation, such as those paying more than 50% of their income in rent, are living in a unit that is not decent, safe and sanitary, overcrowding, or are being involuntarily displaced.

OTHER ACTIONS

In the Five-Year Consolidated Plan written in 2000, the City identified and continue to address those impediments to developing affordable housing for the City's low-income residents, (see the discussion on Affirmatively Marketing Fair Housing). In addition, the City has identified other key areas to the successful delivery of affordable housing programs and services. These include continued collaboration among key institutional structures at the federal, state and local levels to improve public housing and resident initiatives, and evaluate and reduce lead based paint.

Institutional Structure & Enhanced Coordination

In FY2002, Cambridge continued to collaborate with and further develop its relationship with federal, state and local policy makers, funders, tenant groups, service providers, etc. This was accomplished by using both formal and informal networks that bring together public, private and nonprofit housing and service providers.

Federal

Cambridge continues to work with the U.S. Department of Housing and Urban Development (HUD) on policy, program, monitoring, and funding. In FY 2002, the City continued to implement its annual monitoring scheme to verify its Subrecipients compliance with rules and regulations that are required by HUD, the State, and the City.

This year, Just A Start successfully completed construction and occupancy on a 20 unit affordable rental development on Boardman Street. This adaptive reuse project of the former Squirrel Brand Candy Factory was made possible through the Low-Income Tax Credit program, from which it received \$2,180,000. Also received \$3,224,810 in tax credits for the CAST II Apartments.

They also coordinated services through contracts for program delivery. Cambridge Community Development has over \$1 million in annual contracts with nonprofit housing agencies for the operation of housing programs, and professional service providers for the division's projects. The nonprofits also operate community service programs on an ongoing basis, and are invited to contribute to the City's policy, program development, and annual reports.

State

The City has a strong working relationship with the Massachusetts Department of Housing and Community Development (DHCD) and other state agencies that provide regular and ongoing support to the City's affordable housing development organizations.

For example, in 2002 the City worked with Homeowner's Rehab as they prepared to submit applications to the State for more than \$2 million for 4 projects. They also received \$220,000 through the state's Housing Stabilization Fund for the rehabilitation of six family-sized units on Lincoln Street. Just A Start received \$320,000 in State HOME funds for a development on Cambridge Street, which is currently under construction. It will produce 8 affordable family rental units when completed. The Cambridge Housing Authority received \$324,900 through the Facilities Consolidation Fund (FCF) for the acquisition of 14 scattered-site units for persons with disabilities as part of their HOPE VI revitalization program. As of this year 10 of the 14 anticipated units had been secured and occupied with low and moderate-income households. The City provided financial support for these projects and mandated a minimum 50-year affordability term on the units through its affordable housing agreement.

Local

Cambridge has a number of successful groups and committees that are discussed below. They currently collaborate to provide an effective delivery system for affordable housing production and social services throughout the City.

The Cambridge Housing Authority (CHA) is one of the highest performing authorities in the country. The CHA works collaboratively with local non-profit housing developers to use project-based Section 8 certificates in proposed developments (significantly increasing the financial feasibility of these projects), marketing Inclusionary Zoning units to very low-income households with Section 8 Certificates, and supporting the City's housing initiatives by attending public outreach events. The City also supports the CHA's housing acquisition efforts, and has funded several of its development projects through HUD entitlement funds and the Cambridge Affordable Housing Trust. The most recent include Lancaster and Hope VI, which when complete will together produce 74 affordable units for low and moderate-income households.

The City of Cambridge Multi-Service Center offers a wide range of services from homelessness prevention, emergency shelters, transitional housing, to emergency funds. Both the Community Development Department and Human Service Department communicate and collaborate regularly to serve as wide a range of persons as possible throughout the City.

Since 1995, the Affordable Housing Development Working Group has met regularly to coordinate affordable housing development projects throughout the City. This group is made up

of staff from the Community Development Department's Housing Division, the Cambridge Housing Authority, Just A Start Corporation, Homeowner's Rehab, Inc. and CASCAP.

The Cambridge Affordable Housing Trust is a nine-member independent City board comprised of experts in the fields of affordable housing policy and finance, banking, real estate, housing development, and housing advocacy. The Trust serves as both a policy advisory board and the loan committee for new development projects. In FY02, the City Council appropriated \$4.5 million through the Trust in support of housing development.

Cambridge has a Fair Housing Committee and Homeless Steering Committee that are also active in initiating educational and outreach programs to further fair housing. As required by HUD, the Community Development Department is monitoring progress on implementing measures to combat Impediments to Fairhousing, and will complete its next Fairhousing Plan in Fy2005. The Fair Housing Plan consists of an Analysis of Impediments to Fair Housing, an Action Plan to address impediments that were identified, and a Plan for maintaining records and fulfilling report requirements. Cambridge completed its Fair Housing Plan in 1999, in collaboration with various City departments; the Human Rights Commission; the Cambridge Commission for Persons with Disabilities; the City Assessor's Office; the City's Affirmative Action Office; the Department of Human Services Programs and the Cambridge Housing Authority, as well as with nonprofit groups such as Homeowner's Rehab, Inc., Just A Start Corporation, CASCAP, and CASPAR.

The City also has strong working relationships with neighborhood groups and housing advocates that support affordable housing development in the City. Local support for housing has been one of the central factors contributing to the success of housing developers and service providers.

Public Housing Improvement and Resident Initiatives

This past year, the Cambridge Housing Authority (CHA) continued its participation in HUD's Moving To Work Deregulation Demonstration program (MTW), as one of a handful of housing authorities with a comprehensive program taking advantage of the significant regulatory and fiscal flexibility the Demonstration allows. MTW helped facilitate the CHA's progress on a number of important fronts:

Preservation of Current Public Housing Stock

CHA places a particular emphasis on modernization and extraordinary maintenance, in order to preserve and improve the current public housing stock, as it continues to view the preservation and continued viability and quality of the in-place stock as the most fundamental mission of the Authority. The past year saw an ambitious schedule for modernization and extraordinary maintenance project planning and management.

Elderly Housing Issues

Work was completed on Neville Manor in fall of 2001. Neville Manor is the former nursing home, redeveloped into an assisted living facility with a majority of units being affordable. Work also continues on the HOPE VI redevelopment of the Kennedy Apartments, which includes two floors of affordable assisted living and off-site scattered program condos for the young disabled individuals.

Ongoing effort to develop Local Leased Housing program/Tenant Preservation Program

CHA's Local Leased Housing (Section 8) program continues to be successful, preserving the program and making slight increases in utilization in the face of significant market challenges. Specific initiatives undertaken in the last year to encourage success of the program include:

Leased Housing Program Marketing and Outreach

Direct outreach and overall marketing efforts to landlords, which has been an important element in the program's success

Project Based Leased Housing Assistance

Project Based Assistance continues to be a vital resource for affordable housing development and preservation in the City. The CHA currently preserves affordability through in place subsidies of 146 units of Project Based assistance an additional 178 are under agreement, and 64 are pending, for a total of 388.

Preservation and Viability of the Mobile Rent Voucher Program (MRVP) Program

CHA is using its Moving To Work (MTW) Demonstration flexibility to augment this state program; these subsidies would otherwise be at high risk for loss.

Ongoing Development Activities

CHA, through its non-profit affiliate, and with technical and financial support from the City's housing staff, has almost completed 80 units of permanently affordable housing since the beginning of the Demonstration two years ago (Lancaster Street and Hope VI Condos). The fundability of HUD resources provided for by MTW has been crucial in accommodating this development. These units include properties in neighborhoods that formerly had no significant public or affordable housing presence.

Implementation of Development Choice

CHA provides residents the option to state a preference for the developments in which they want to live, replacing the arbitrary first unit available assignment system practiced by most housing authorities.

State Public Housing Viability Study

A joint effort with Boston Housing and the Citizen's Housing and Planning Association, funded by a competitive grant from Harvard, resulted in a excellent assessment of the state-assisted housing stock, *PROTECTING THE COMMONWEALTH'S INVESTMENT*, as well as two pieces of resulting legislation.

CHA's waiting lists for both conventional and leased housing have increased over the past year, underscoring the significant need for affordable housing in the area. Initiatives around rent policies, income diversification, and deconcentration continue to be successful elements of the

MTW program. In the past year the Authority has also revised its Leased Housing (Section 8) Administrative Plan. Performance on conventional HUD indicators such as inspections, work orders, rent collection, security and vacancy rate continue to be very strong for the conventional program, and equally strong in leased housing in terms of program performance and inspections.

The CHA's Work Force Youth Unemployment Prevention Program won a prestigious Best Practice Award in Youth Development Services from the Massachusetts Cooperation for Business, Work and Learning this year. The program, an innovative effort combining life, work and educational skills training, continues to provide CHA youth with mentorship and support to encourage them to strengthen their own individual skills to break the cycle of poverty. Adult programs (primarily funded through HUD EDSS and ROSS monies), including partnerships with a local community college, job counseling and computer and English as a Second Language classes, continue to encourage CHA residents – most of whom are employed – to move to better work.

The City's Housing Authority takes very seriously the need to involve its residents in the management and operation of its public housing. During FY2002, it continued to require resident involvement in the hiring of all prospective CHA employees, and in the tenant grievance process. CHA holds Grievance Panel hearings for any CHA resident who feels that a decision made regarding his/her residency is in error. Examples of such hearings include reviews of eviction proceedings, rent determination, transfer requests, and numerous other resident issues. At all Grievance Panel hearings there must be 2 tenant representatives present who have an equal vote of recommendation along with a CHA Commissioner, CHA staff member, and an impartial Cambridge resident who serves as the Panel's chair.

CHA Tenant Councils are organized at nearly all Federal developments. Most hold regular meetings to discuss various ways in which they can participate in making their developments better places in which to live and they meet regularly with the CHA management staff. Many CHA residents are also involved in leadership roles in public housing tenant organizations on the state and national level. Two CHA residents currently sit on the CHA's five member Board of Commissioners.

Evaluate & Reduce Lead Based Paint Hazards: Lead-Safe Cambridge Program

In July 1994, Cambridge was awarded a \$3.3 million grant by HUD for lead paint abatement and poisoning prevention. The City matched this award with \$875,000 in in-kind donations, bringing the total program funding to \$4.2 million. In May 1997, Cambridge was awarded a \$2.17 million Round 4 grant by HUD to expand and continue its lead abatement and poisoning prevention efforts. The City also matched this award with \$2.55 million in local contributions. In December 1999, Cambridge received a Round 7 grant of \$2.77 million to continue its efforts. The City will match this award with \$2.56 million in local contributions.

Lead-Safe Cambridge hopes to achieve two major policy goals: increasing access to affordable lead-safe housing for poor families, and preventing the lead poisoning of Cambridge children. To date the program has deleaded 390 units of affordable housing. Thirty percent (30%) of all Round two (2) units and forty-seven percent (47%) of all Round four (4) units have been joint

deleading and housing rehabilitation projects. During FY01, very low and low income households received direct services expending \$916,529. Sixty-one (61) households received comprehensive lead hazard control, temporary relocation, medical, soil testing and mitigation, and patient education services. An additional 239 units received program monitoring services. LSC outreach efforts served 10,646 individuals through a range of presentations, community events, and workshops.

In 1999, Lead-Safe Cambridge received the American Society of Landscape Architects (ASLA) Merit Award for its creative work on lead in soil. LSC's "Safer Soil" project was recognized for its innovative approach to addressing an environmental problem through landscape design.

In 2000, Lead-Safe Cambridge received the "2000 HUD Best Practices Award of Excellence" for its work in creating affordable lead-safe housing and reducing lead poisoning rates in Cambridge.

Leveraging Resources

In FY2002 the City's CDBG and HOME funds leveraged \$30,412,089 in other public and private funds for programs and development projects. The sources and amounts are identified below.

Funding Sources	FUNDS LEVERAGED
Boston Community Capital	229,500
Associated Grant Makers of MA, Inc.	48,020
AmeriCorps Federal	154,045
AmeriCorps State	59,558
Area 4 Coalition	300,000
Cambridge Affordable Housing Trust	4,766,991
Cambridge Affordable Housing Trust (Harvard Loan Fund)	840,000
Cambridge Housing Authority (CHA)	15,485
Cambridge Neighborhood Apartment Housing Services (CNAHS)	90,000
City Funds for Open Space	500,000
City of Cambridge - Mayors Fund	3,693
Community Economic Development Assistance Corp. (CEDAC)	788,500
Cambridge Historic Society	18,000
Commonwealth Corporation	51,715
Department of Housing Community Development (DHCD)	-
<i>Housing Innovative Fund</i>	884,235
<i>Housing Stabilization Funds</i>	720,000
<i>Consolidated Improvement Preservation Fund (CIPF)</i>	840,000
<i>State HOME</i>	1,180,000
<i>Low Income Housing Tax Credits (LIHTC)</i>	5,404,860
<i>Mass Affordable Housing Trust (MAHT)</i>	287,924
Cambridge Savings Bank	1,479,909
Foundation & Corporate Grants	36,544
Harvard University Help Loan Fund (HELP)	220,000
Local Initiative Support Corporation (LISC)	348,789
Massachusetts Housing Finance Agency (MHFA)	95,000
Massachusetts Institute of Technology (MIT)	320,000
Medford Cooperative Bank	200,000
Neighborhood Reinvestment Corporation	120,000
Other Private Lenders	8,588,001
Private Donor	1,154,073
Lead Safe Cambridge (LSC)	199,800
Urban Development Action Grant (UDAG)	30,000
U.S. Department of Labor (DOL)	2,122
U.S. DOL/ Workforce Investment Act (WIA)	111,270
Youthbuild - State	215,000
Youthbuild - USA	6,530
Youthbuild - HUD	102,525
TOTAL	\$ 30,412,089

In addition to program and project delivery funds, the City of Cambridge, through its CDBG and ESG programs, contributes to the operating costs of various shelters, transitional and permanent housing via subcontracts. Funds provided under these subcontracts represent a small proportion of the agencies' operating budgets that are funded primarily from other sources. However, the

contributions are an important source of funding, which leverage a substantial amount of other private and public funds.

Self Evaluation

The City of Cambridge has a multi-faceted approach to delivering affordable housing to its residents. The costs and supply of housing, limited availability of subsidy, competing pressure for land uses, and pressure to keep the density of new development low are the challenges faced by the City in preserving and creating affordable housing. As demonstrated in this report, the City's housing service providers, committees, and residents continue to collaborate on development initiatives.

The City's achievements in fiscal year 2002 were discussed throughout this narrative. Areas addressed include preservation of units with expiring affordability restrictions, creation of affordable rental and homeownership units, and stabilization and renovation of owner-occupied and investor owned affordable units. Each of these activities received funding from the City. We also discussed the volume of public inquiries fielded by staff, and the number of residents served through the division's other public services, and outreach events. The following chart summarizes our achievements in Fiscal Year 2002.

FY2002 Accomplishments

Housing Objectives	FY 2002 Achieved	Comments for Current Year's #s
Obj 1: Preservation of affordable units	305	<ul style="list-style-type: none"> ▪ Church Corner 23 units ▪ Walden Square 240 units ▪ Cast 42 Units
Obj 2: Creation of new rental units	84	<ul style="list-style-type: none"> ▪ 83 Developed (non-profits-70, CNAHS-13 ▪ 2 Inclusionary units
Obj 3: Creation of New Homeownership Units	6	<ul style="list-style-type: none"> ▪ Bolton Street
Obj 4: Stabilize 1-4 unit owner occupied Buildings	41	
Public Outreach: Resident Inquires Fielded	5,421	<ul style="list-style-type: none"> ▪ Request for information & referrals ▪ Number of households added to database.
First-Time Home Buyer & Counseling Participants	731	
Rehabilitation Assistance Program	166	<ul style="list-style-type: none"> ▪ 166 Youths Participated

HOME Narrative

Overview of HOME Program in Cambridge

The City of Cambridge is an entitlement community that receives funds under a grant agreement with the United States Department of Housing and Urban Development (HUD) for the HOME Program. Since 1993, approximately 195 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. To date, the City has received \$7,977,000 in HOME funds, and anticipates receiving \$879,000 for FY2003.

With the HOME funds it receives from HUD, the City will provide loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. As required by HUD, 15% of the City's HOME funds are used specifically to support local Community Housing Development Organizations (CHDOs), to create affordable rental and homeownership developments. The City's HOME Coordinator staff position is also funded through this grant. In fiscal year 2002, the City received \$885,000 in HOME funds. These funds were used to fund a range of developments serving diverse populations.

FY2002: HOME Development Projects

Bolton Street

Developed by Just A Start, the Bolton Street project created 6 new affordable homeownership units for low and moderate-income individuals. The project consists of three 3-bedroom units and three 2-bedroom units that were sold to first-time homebuyers with incomes below 80% of the area median income (AMI). One of the 2-bedroom unit will be handicapped accessible. It received \$300,000 in HOME funds from the City.

Cambridge Housing Authority (CHA) Hope VI Condos

The Cambridge Housing Authority (CHA) received a set-a-side of \$560,000 in HOME funds for the acquisition of 14 scattered site condominium units to house young disabled individuals as part of its HOPE VI redevelopment Initiative. As of the close of FY2002, the CHA has purchased 10 of the 14 units, 4 of which were purchased this year. Over the last 6 years, there has been a dramatic increase in the number of disabled applicants on the CHA's waiting list for handicap accessible units. The units are being acquired in an effort to both preserve the stock of affordable housing, and provide options for younger disable persons. The CHA has partnered with the Cambridge and Somerville Cooperative Apartment Program (CASCAP) to manage the supportive services programming for the residents of the condominiums. This project is a major component of the revitalization plan of the John F. Kennedy Apartments, an 83 unit federally-funded housing development for the elderly.

CAST II

The City worked with Homeowner's Rehab to purchase and renovate CAST apartments, a 42-unit affordable rental development whose affordability restriction was at its term of

maturity and set to expire. In addition to \$425,000 received in HOME funds from the City, HRI also successfully secured funds from the Cambridge Affordable Trust, the state, and various other public and private sources. This will enable the preservation of 42 affordable units housing approximately 144 tenants who were at-risk of losing their affordable units. Approximately 3 units will be designated as HOME units.

Harvard/ Windsor Street

The Harvard Street project is a development requiring the substantial rehabilitation of a building that will create 3 affordable homeownership units to be sold to families under 80% of the area median income. The units will remain affordable for 99 years through a deed restriction legally enforceable by the City of Cambridge. The project will provide new affordable homeownership opportunities for families who would have otherwise be priced out of the Cambridge housing market. The project is being developed by Just A Start Corporation and received \$75,000 in HOME funds from the City. An Affirmative Marketing Plan is in place to ensure that the units are marketed to the most needy households. The project was completed and occupied.

Cambridge Street

The City provided \$267,685 in HOME funds to Just A Start (JAS) to assist with financing the acquisition and development of the former burnt out Cambridge Street Curtain Store property, Nobregas, in Cambridge. The site will be developed into eight (8) new family sized rental HOME-assisted units. Construction has begun.

HOME Match Report

HUD Form 40107-A is attached

A Participating Jurisdiction is required to match 25% of the amount drawn down from the U.S. Treasury through HUD's Integrated Disbursement Information System (IDIS) for HOME projects during the federal fiscal year. The City of Cambridge drew \$798,885 in HOME funds for six (6) projects in FY 2002. Subsequently, HOME match liability for this fiscal year is \$199,721.25. Those HOME projects have leveraged \$30,412,089 in match funds from other public and private sources, exceeding the match requirement. Funds that do not require a match include those used for administrative costs, CHDO operating expenses, CHDO capacity building, and seed money or technical assistance loans where the project did not go forward.

The completed HOME Match Report form HUD 40107-A is attached.

File Monitoring & Onsite-Inspections

In the summer of 2002, the City monitored its development portfolio using its annual monitoring plan. Projects monitored include HIP Units from Just A Start and Homeowners Rehab. Development projects such as Lancaster Street sponsored by the Cambridge Housing Authority, Squirrel sponsored by Just A Start, and Swartz Properties sponsored by Homeowners Rehab were also monitored, to mention a few. Rental units were monitored comprehensively to ensure that rent, occupancy, and property standard requirements were being maintained. Owners were required to submit a 'Project Compliance Report' for each rental property. The reports were then reviewed for compliance, and on-site inspections were conducted. All units monitored were in compliance with HUD, State and City regulations. Tenants were income eligible and rental units were affordable to low-moderate and very-low income households. The City will continue to employ its annual monitoring plan and conduct site visits.

Minority and Women's Business Enterprise (MWBE Report)

As stipulated by HUD in regulation 24 CFR Part 84, the City includes in its contract agreements requirements that developers make a good faith effort to involve minority and women owned businesses as contractors and subcontractors when working on federally funded projects. During our annual monitoring and at the close of a project the Developer is required to submit MWBE Report identifying minority or women contractors that they secured. In addition, if a minority contractor was not selected for their project they are required to document that efforts were made to include minorities and women in the bidding process even if they were not selected as the contractor or subcontractor. Minority contractors were selected for the Harvard Street, Squirrel, and Bolton Street projects totaling approximately \$ 1,311,144 dollars.

DE-LEAD PROGRAM OVERVIEW

Evaluate & Reduce Lead Based Paint Hazards: Lead-Safe Cambridge Program

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Lead-Safe Cambridge (LSC) strives to achieve two major policy goals: increasing access to affordable lead-safe housing for poor families, and preventing the lead poisoning of Cambridge children. To date the program has deleaded 464 units of affordable housing. Thirty percent (30%) of all Round two (2) units and forty-seven percent (47%) of all Round four (4) units have been joint deleading and housing rehabilitation projects. To date, 40% of all Round seven (7) units have been joint deleading and housing rehabilitation projects.

For FY02, fifty-four (54) very low and low income households received direct services from LSC. These households received comprehensive lead hazard control, temporary relocation, medical, soil testing and mitigation, and patient education services. An additional 317 units received program monitoring services. In addition, LSC outreach efforts served 20,940 individuals through a range of presentations, community events, and workshops.

In 1999, Lead-Safe Cambridge received the American Society of Landscape Architects (ASLA) Merit Award for its creative work on lead in soil. LSC's "Safer Soil" project was recognized for its innovative approach to addressing an environmental problem through landscape design.

In 2000, Lead-Safe Cambridge received the "2000 HUD Best Practices Award of Excellence" for its work in creating affordable lead-safe housing and reducing lead poisoning rates in Cambridge.